



## RESOLUTION

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AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OF THE CITY AND COUNTY OF HONOLULU OR THE DIRECTOR'S DESIGNEE TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION (HART) REGARDING THE GENERAL OBLIGATION BONDS.

WHEREAS, pursuant to the Revised Charter of the City and County of Honolulu 1973, as amended, Section 17-109, the Honolulu City Council ("Council"), at the request of HART, may authorize the City and County of Honolulu ("City") to issue bonds, which can currently take the form of general obligation bonds, general obligation commercial paper notes, general obligation bond anticipation notes and other forms of general obligation indebtedness for the Honolulu High Capacity Transit Corridor Project ("HHCTCP"), now known as the Honolulu Rapid Transit Project; and

WHEREAS, the Council enacted Ordinance 12-17, which amended the authorization for the City to issue general obligation commercial paper to increase the amount of such commercial paper to be issued and to expand the purposes for which proceeds of such commercial paper may be applied to include public improvements, including equipment, relating to the HHCTCP; and

WHEREAS, Ordinance 12-17 amended Ordinance 01-28 to require that each issuance of commercial paper by the City, the proceeds of which will be applied to fund the payment of costs of public improvements, including equipment, relating to the HHCTCP (the "HHCTCP Commercial Paper"), shall be subject to the following conditions precedent:

- (1) the Council shall have adopted an ordinance or resolution, whichever is required, approved by affirmative vote of at least two-thirds of the members of the Council (a) authorizing the issuance, sale and use of proceeds of General Obligation Bonds for the payment of the costs of public improvements, including equipment, relating to the HHCTCP, as well as the payment, refunding or refinancing of the HHCTCP Commercial Paper, and (b) determining the maximum principal amount of such General Obligation Bonds to be issued for such issue;
- (2) HART shall submit a request in writing to the Council in the form of a resolution adopted by the Board of Directors of HART setting forth the details of such request and issue of HHCTCP Commercial Paper; and
- (3) the City and HART shall enter into a memorandum of understanding subject to the provisions of Ordinance 01-28, Section 15; and



## RESOLUTION

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WHEREAS, Section 15 of Ordinance 01-28, as amended by Ordinance 04-36, Ordinance 10-15 and Ordinance 12-17, requires that prior to the initial issuance of HHCTCP Commercial Paper, the City shall submit to the Council a memorandum of understanding (1) setting forth the obligations of HART to the City concerning the HHCTCP Commercial Paper and other forms of general obligation indebtedness and (2) requiring that the City be reimbursed by HART for any payments of principal and interest and any other costs incurred by the City relating to the issuance of HHCTCP Commercial Paper and other forms of general obligation indebtedness; and

WHEREAS, a copy of the proposed memorandum of understanding between the City and HART is attached hereto as "Exhibit A" and incorporated herein by this reference; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that:

- (1) Pursuant to Ordinance 12-17 and Ordinance 01-28, as amended, the Council hereby consents to and approves of the memorandum of understanding between the City and HART, in substantially the form attached hereto as Exhibit A;
- (2) The Director of the Department of Budget and Fiscal Services or the Director's designee is authorized to execute the memorandum of understanding with HART in substantially the form attached hereto as Exhibit A; and
- (3) The Director of the Department of Budget and Fiscal Services or the Director's designee is authorized to execute any incidental or related agreements, amendments and documents in furtherance of the above agreement so long as such agreements, amendments and documents do not incur additional obligations on the part of the City; and



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

No. 15-7

## RESOLUTION

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BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Director of the Department of Budget and Fiscal Services, whose mailing address is 530 South King Street, Room 208, Honolulu, Hawaii 96813; and the Executive Director and Chief Executive Officer of HART, whose mailing address is 1099 Alakea Street, Suite 1700, Alii Place, Honolulu, Hawaii 96813.

INTRODUCED BY:

(br)

DATE OF INTRODUCTION:

**JAN 8 2015**

Honolulu, Hawaii

Councilmembers

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY AND COUNTY OF HONOLULU AND  
THE HONOLULU AUTHORITY FOR RAPID  
TRANSPORTATION REGARDING THE GENERAL  
OBLIGATION BONDS**

This MEMORANDUM OF UNDERSTANDING ("MOU") is entered into and effective as of \_\_\_\_\_, 2015, by and between the City and County of Honolulu ("City") whose mailing address is 530 South King Street, Room 208, Honolulu, Hawaii 96813, and the HONOLULU AUTHORITY FOR RAPID TRANSPORTATION ("HART"), City and County of Honolulu, whose mailing address is 1099 Alakea Street, Suite 1700, Honolulu, Hawaii 96813. The City and HART are collectively referred to as the "Parties."

WHEREAS, pursuant to amendments to the Revised Charter of the City and County of Honolulu 1973, as amended ("Charter" or "RCH"), including Article XVII, HART was established, effective July 1, 2011, as a public transit authority responsible for the planning, construction, operation, maintenance and expansion of the Honolulu High Capacity Transit Corridor Project (now known as the Honolulu Rail Transit Project ("HRTTP")); and

WHEREAS, by Act 247 (2005), codified at Hawaii Revised Statutes ("HRS") Section 46-16.8, a county surcharge on the state general excise and use tax was authorized to fund public transportation systems; and

WHEREAS, by Ordinance 05-027, codified at Revised Ordinances of Honolulu 1990 ("ROH") section 6-60.1, there was established a one-half percent general excise and use tax surcharge for funding the operating and capital costs of the HRTTP; and

WHEREAS, in the Charter amendments that created HART, there was established a special transit fund (the "Transit Fund") pursuant to Article XVII, Section 17-114 of the Charter, into which shall be transferred the county surcharge on state tax (the "county surcharge") and all revenues generated by the fixed guideway system; and

WHEREAS, pursuant to the Charter amendments that created HART, the Honolulu City Council ("Council") when requested by HART may authorize the City to issue bonds, which can currently take the form of general obligation bonds, general obligation commercial paper notes, general obligation bond anticipation notes and other forms of general obligation indebtedness for the HRTTP; and

WHEREAS, on December 5, 2012, the Council adopted Resolution 12-322 authorizing the City to enter into a Full Funding Grant Agreement with the federal government for the HRTTP, providing grant funding in the amount of \$1.55 billion; and

WHEREAS, the Full Funding Grant Agreement, entered into on December 19, 2012 between the City and the Federal Transit Administration, references project capital cash flow schedules requiring debt financing; and

WHEREAS, such debt financing is to be used only for the completion of the H RTP; and

WHEREAS, the City and HART share the mutual objective of financing the H RTP in the most cost-efficient and effective manner by working together to ensure timely cash availability at the lowest possible cost to the taxpayers;

NOW, THEREFORE, in consideration of the foregoing, and of any general obligation bonds, general obligation bond anticipation notes, general obligation commercial paper notes, or any other form of general obligation indebtedness or obligation that constitutes a first charge on the General Fund of the City in accordance with the Constitution and other laws of the State of Hawaii issued by or entered with the City in whole or in part to finance the acquisition, construction, replacement, rehabilitation, approved extension or completion of the H RTP or related facilities or purposes (collectively, "Project Bonds"), HART and the City agree as follows:

## ARTICLE I.

### COVENANTS OF HART

*Section 1.01* HART shall, at all times, (a) manage and control moneys made available to HART in the Transit Fund (and other funds under the control of HART) so that there will be sufficient moneys available to punctually pay or cause to be paid all amounts payable under this MOU and the Project Bonds and other related documents and (b) duly observe and perform all of the conditions, covenants and requirements set forth in this MOU and the Project Bonds and other related documents.

*Section 1.02* So long as any Project Bonds are outstanding, HART shall not suffer or permit any change, restriction, impairment, modification or alteration to the receipt, collection, deposit, transfer or payment of HART revenues ( as defined in Section 3.01 hereof) either hereunder or in any other manner in any material respect, without the written concurrence of the City.

*Section 1.03* HART hereby grants to the City a first priority security interest in all amounts held or required to be deposited in the Transit Fund or other applicable accounts or funds, all HART revenues (as defined in Section 3.01 hereof), and all amounts of money held by HART derived from HART revenues including investment income thereon, in order to secure obligations of HART to the City under this MOU.

*Section 1.04* HART shall (a) obtain the consent of the City prior to entering into or issuing any other forms of indebtedness (including, but not limited to, bonds, notes, leases, federal or state loans and bank lines of credit and letters of credit) either (i)

relating to the H RTP, or (ii) secured by HART funds (as defined in Section 3.01 hereof); and (b) prior to the issuance or execution thereof, provide to the City any agreement and other documents relating thereto.

*Section 1.05* HART shall promptly notify the City of

- (a) the existence and status of any litigation, or the passage of any federal, state or local ordinance, law or rule not of general applicability to all persons, either of which could reasonably be expected to have a material adverse effect on (i) the financial condition or operations of HART, including, but not limited to, HART revenues (as defined in Section 3.01 hereof), (ii) the Project Bonds or (iii) the enforceability or validity of any of this MOU or any related documents;
- (b) any change in any material fact or circumstance represented or warranted in this MOU or in any other related documents; and
- (c) any communications, reports or financial statements delivered or received by it from any taxing authority or rating agency with respect to the transactions contemplated hereby (together with a copy of such communication, report, or statement).

*Section 1.06* HART shall ensure that all data, certificates, reports, opinions of counsel, documents and other information furnished to the City, whether pursuant to this MOU, or in connection with or pursuant to an amendment or modification of, or waiver under, this MOU, shall, at the time the same are so furnished, (a) be complete and correct in all material respects to the extent necessary to give the City true and accurate knowledge of the subject matter thereof, and (b) not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the City shall constitute a representation and warranty by HART to that effect. Each financial statement furnished to the City, whether pursuant to this MOU, or in connection with or pursuant to an amendment or modification of, or waiver under, this MOU, shall, at the time the same is so furnished, fairly present the financial condition and results of operations of HART.

## ARTICLE II.

### ISSUANCE AND SALE OF PROJECT BONDS

*Section 2.01* The City shall be responsible for the issuance and sale of Project Bonds pursuant to HRS Chapter 47, County Bonds, to meet the project capital cash flow requirements as shown in Attachment A to this MOU, entitled "Updated Financing Plan: Table A-1, Capital Plan Cash Flows" (the "Plan"). Issuance will be a distinct series and not commingled with other City projects.

*Section 2.02* The Plan may be modified by mutual agreement between the City and HART during the term of the MOU as needed based on updated project cash flow needs and financial market conditions.

*Section 2.03* Pursuant to HRS Section 47-4 and RCH Section 17-109, HART will submit a request to the Council in the form of a resolution adopted by the Board of Directors of HART, requesting the issuance and sale of Project Bonds.

*Section 2.04* The Project Bonds shall mature on a date not later than the then current expiration date of the county surcharge (if any) or the receipt of the final payment of such county surcharge from the State of Hawaii Department of Budget and Finance, whichever is later.

*Section 2.05* HART shall provide any information requested by the City in connection with obtaining or maintaining ratings on such Project Bonds, selling those bonds or complying with any continuing disclosure undertaking the City is required to make in connection with sale of the Project Bonds.

*Section 2.06* HART consents to the inclusion by the City of any or all of this MOU or reference to it in any of its documents comprising a contract with the holders of those Project Bonds or in its offering or disclosure documents relating to those bonds, and, whether or not so included, for this MOU to be enforceable against HART by the City or by or on behalf of the bondholders of Project Bonds.

*Section 2.07* HART shall be a party to or otherwise bound by and responsible for compliance with any tax covenants, certificates or agreements entered into by the City in connection with the issuance of such Project Bonds, related to establishing and preserving the (A) exemption of interest on those bonds from federal income taxation; or (B) treatment of those bonds as tax credit or tax subsidy bonds.

*Section 2.08* HART shall keep adequate records and books of account, in which complete entries will be made (including, but not limited to any applicable records of HART that relate to Project Bonds, expenditure of project bond proceeds and use of facilities financed with project bond proceeds) reflecting all financial transactions of HART; and at any reasonable time and from time to time, permit and otherwise provide access to the City or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, HART and to discuss the affairs, finances and accounts of HART with any of the HART's officers, trustees and independent auditors (and by this provision, allow HART's auditors to discuss with the City or its agents or representatives, the affairs, finances and accounts of HART).

*Section 2.09* HART shall provide to the City, monthly cash flow schedules detailing and updating the financial requirements for the H RTP.

*Section 2.10* The City shall provide HART with cost estimates of all financing costs prior to issuance of debt instruments including the cost of bond counsel, underwriters, consultants, agents, advisors or other counsel (collectively, "finance team members" and

each individually a “finance team member”) for any work undertaken in connection with this MOU and the issuance of Project Bonds from proceeds of the next issue of general obligation bonds.

*Section 2.11* Upon securing debt financing, the City shall provide HART with all actual financing costs to be charged to HART.

### ARTICLE III.

#### **PROVISIONS AS TO PAYMENT OF PRINCIPAL, INTEREST AND OTHER PROJECT BOND ASSOCIATED COSTS**

*Section 3.01* HART hereby consents to the transfer by the City of, moneys derived from the county surcharge on state tax (the “county surcharge”), lease revenues, concessionaire revenues, farebox revenues (to the extent necessary to pay debt service next coming due on project bonds), state or federal grant moneys (to the extent not restricted by the grantor to other purposes), and any other moneys that are deposited into the Transit Fund or other fund under the control of HART, including any investment income thereon (“HART revenues”),

(a) in the amounts of, and on or before the times as set forth in Section 3.02 hereof, any principal or interest or redemption premium that are from time to time due and payable on those Project Bonds, and

(b) in the amounts of, and at the time any costs are incurred by the City in connection with issuance of those Project Bonds, that are not paid from proceeds of those bonds, as well as any ongoing costs relating thereto, including but not limited to, costs relating to post-issuance compliance; tax compliance; rebate; continuing disclosure; bank, rating agencies, credit enhancement, paying agent, and remarketing fees; and costs in connection with any audits.

*Section 3.02* HART agrees to the transfer by the City, on or before the 25<sup>th</sup> day in each month, from the Transit Fund to an account within the city treasury dedicated for the payment of Project Bonds (the “Project Bond Debt Service Account” in the General Obligation Bond and Interest Redemption Fund) a sum equal to (a) one-sixth (1/6) of the amount of interest becoming due and payable under all Project Bonds on the next succeeding interest payment date, plus (b) one-twelfth (1/12) of the amount of principal becoming due and payable under all Project Bonds on the next succeeding principal payment date, except that no such transfer need be made if there are then moneys in the Project Bond Debt Service Account equal to the amount of interest becoming due and payable under all Project Bonds on the next succeeding interest payment date plus the amount of principal becoming due and payable under all Project Bonds on the next succeeding principal payment date.



- (a) When the 25<sup>th</sup> day of a month falls on a Saturday, Sunday or legal holiday, the transfer shall be due the next succeeding day which is not a Saturday, Sunday or legal holiday.

*Section 3.03* In the event that, at any time, amounts are not conveyed or transferred to the City as provided in Section 3.02 hereof:

- (a) The City shall immediately deduct from the Transit Fund (or other funds under the control of HART) the sum of the missed transfer; the amount of the next scheduled transfer; and any costs referenced in Section 3.01(b) remaining unpaid.
- (b) If the amount in the Transit Fund (and other funds under the control of HART) shall be less than the sum of the deductions referenced in Section 3.03(a), the City shall apply the amount in the Transit Fund in the following order of priority: (1) any costs referenced in Section 3.01(b) remaining unpaid; (2) the sum of the missed transfer; and (3) the amount of the next scheduled transfer.
- (c) The Project Bond Reserve Account as referenced in Section 3.06 hereof may be used to satisfy any deficiency resulting from the sum of the missed transfer and the amount of the next scheduled deposit or transfer.

*Section 3.04* HART shall compensate bond counsel, underwriters, consultants, agents, advisors or other counsel (collectively, “finance team members” and each individually a “finance team member”) for any work undertaken in connection with this MOU and the issuance of Project Bonds from proceeds of the next issue of general obligation bonds, whether or not such general obligation bonds are Project Bonds; provided, however, that:

- (a) If the next such series of general obligation bonds are Project Bonds, then such finance team members shall be compensated from proceeds of such Project Bonds, and HART shall be allocated a higher proportionate share of debt service of such Project Bonds to compensate for the work performed by such finance team members that is directly allocable to the HHCTP; and
- (b) If the next such issue of general obligation bonds are not Project Bonds, any work performed by such finance team members shall be compensated from proceeds of such issue of general obligation bonds and either: (A) HART shall reimburse the City for the fees paid by the City to such finance team members from any legally available moneys of HART; or (B) HART shall be allocated a higher proportionate share of debt service of the next issue of Project Bonds to compensate for the work performed by the finance team members that should have been allocated to the prior bond issue had it been for work performed for Project Bonds that is directly allocable to the HRTTP.

*Section 3.05* HART shall pay its share of any rebatable arbitrage (as determined by the City) due with respect to any Project Bonds. The City shall provide HART with the documentation supporting the allocation of the rebatable arbitrage for its review and concurrence prior to any payment by HART.

*Section 3.06* HART consents to the establishment by the City of a project bond reserve fund in the city treasury (the “Project Bond Reserve Account” in the General Obligation Bond and Interest Redemption Fund).

- (a) From HART revenues as referenced in Section 3.01 hereof, HART shall convey or transfer to the Project Bond Reserve Account an amount such that the balance in the Project Bond Reserve Account shall be equal to the greater of (1) \$140 million by June 30, 2018 or (2) if required pursuant to Section 4.02(b) hereof, an amount up to the maximum annual debt service on outstanding Project Bonds (“required balance”).
- (b) The Project Bond Reserve Account shall be applied solely to pay debt service on Project Bonds in the event that sufficient amounts in the Transit Fund (or other funds under the control of HART) are not available therefore.
- (c) If the amount in the Project Bond Reserve Account shall be less than the required balance as referenced in Section 3.06(a) above, the City shall deduct amounts from the Transit Fund (and other funds under the control of HART) upon the receipt of any HART revenues to satisfy the deficiency.

#### ARTICLE IV.

#### EVENTS AND REMEDIES

*Section 4.01 Events.* If one or more of the following events shall have occurred, then the City may institute any of the remedies described in Section 4.02.

- (a) Month-end cash balance in the Transit Fund falls below \$25 million for three (3) consecutive months.
- (b) The State of Hawaii Council on Revenues forecasts of General Excise Tax revenue for the forthcoming year declines by twenty (20) percent or more.
- (c) County surcharge revenue is less than project to date projected revenue by twenty (20) percent or more for two (2) consecutive calendar quarter(s) or more.
- (d) Receipt of federal grant reimbursement monies in the Transit Fund is delayed by three (3) month(s) or more.
- (e) H RTP Project actual or projected contingency amounts enter into the buffer zone. The buffer zone is the area which is 5% to 10% above the minimum contingency as established in HART’s Risk and Contingency Management Plan (RCMP).
- (f) The ending project cash balance per the quarterly Debt and Financial Plan provided in Section 5.05(a) is less than the average ending project cash balance in

the prior two quarterly Debt and Financial Plans. Except that removal of any Federal Transit Authority Section 5307 formula funds from the project funding in the quarterly Debt and Financial Plan which reduces the cash balance below the average ending project cash balance of the prior two quarterly Debt and Financial Plans will not be considered an event that may trigger any remedies in Section 4.02.

(g) HART fails to observe and perform any covenant, condition or agreement on its part to be observed or performed under this MOU other than as referred to in Section 3.02 hereof for a period of thirty (30) days.

(h) Any representation, warranty or statement made by or on behalf of HART herein or in any related document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date made or deemed made; or the documents, certificates or statements of HART furnished to the City by or on behalf of HART in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made.

*Section 4.02 Remedies.* If one or more events in Section 4.01 shall have occurred, HART and the City shall meet to discuss the event(s) to gain a full understanding of the causes and to establish action items to address the issues. If HART and the City cannot agree on a course of action or acceptable action items cannot be identified then the City may institute any of the remedies described below.

(a) HART shall engage and pay for the cost of an independent consultant approved by the City having special skill, knowledge and experience in (a) analyzing the operations of transportation systems substantially similar to the H RTP, (b) preparing farebox revenue analyses, (c) forecasting the ridership and revenues of transportation systems substantially similar to the H RTP, (c) forecasting surcharges and taxes similar to the county surcharge, (d) preparing feasibility reports respecting the financing of such transportation systems and (e) advising on the operation of such transportation systems to audit and make recommendations on the operations and financial viability of HART.

(b) If a Project Bond Reserve Account has not been established, such an account shall immediately be established by the City and HART shall immediately convey and transfer an amount such that the sum in the Project Bond Reserve Account shall be equal to the required balance as referenced in Section 3.06(a) hereof.

(c) The City, after consultation with the HART Board, shall appoint certain parties to monitor the financial administration and operations of HART. HART shall reimburse the City for any costs incurred.

## ARTICLE V.

### **FINANCIAL AND OTHER BOOKS, RECORDS AND REPORTS**

*Section 5.01* The City shall keep adequate records and books of account, in which complete entries will be made reflecting all transactions related to the issuance and sale of Project Bonds by the City per ARTICLE II of this MOU, including but not limited to the principal amounts of each issuance; issuance cost; capitalized cost; annual amortization amounts; annual principal and interest payments; accrued interest amounts; long-term and current portions of each issuance; and estimated rebatable arbitrage amounts.

- (a) Such information shall be conveyed to HART as soon as available and in any event within ninety (90) days after the end of each fiscal year of the City for inclusion in HART's annual financial statements.

*Section 5.02* HART shall keep adequate records and books of account, in which complete entries will be made, reflecting all financial transactions of HART; and at any reasonable time and from time to time, permit the City or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, HART and to discuss the affairs, finances and accounts of HART with any of HART's officers, trustees and independent auditors (and by this provision, HART authorizes said auditors to discuss with the City or its agents or representatives, the affairs, finances and accounts of HART).

*Section 5.03* HART shall provide to the City a monthly accounting of the receipts, deposits, application and expenditure of the moneys referenced in Section 3.01 hereof.

*Section 5.04* HART shall furnish to the City from time to time at HART's expense, all further instruments and documents, duly executed and delivered by HART, and take all further action that may be reasonably necessary, or that the City may reasonably request, in order to

- (a) protect any security interest or other right or interest assigned, or purported to be assigned, to the City under or in connection with this MOU or any related documents; or
- (b) enable the City to exercise or enforce its rights or remedies under or in connection with this MOU, or any related documents.

*Section 5.05* HART shall provide the following reports to the City:

- (a) An updated Debt and Financial Plan with the actual revenues and expenditures to date to be provided quarterly within fifteen (15) calendar days after the end of the quarter.
- (b) As soon as available and in any event within one hundred-thirty (130) days after the end of each fiscal year of HART, the audited financial statements of

HART, including a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flow of HART setting forth in comparative form to the budget for such fiscal year and the corresponding figures for the preceding fiscal year, all in reasonable detail and prepared in accordance with generally accepted accounting principles for state and local governments consistently applied;

(c) Such additional information regarding the financial position or business of HART as the City may from time to time reasonably request; and

(d) As soon as available, but in any event within fifteen (15) days of adoption by HART, a copy of the annual budget of HART.

#### ARTICLE VI.

### TERM AND MODIFICATION OF MEMORANDUM OF UNDERSTANDING

*Section 6.01* The term of this MOU expires with the later of the repayment of all H RTP debt financing obligations and other obligations HART has to the City under this MOU or the expiration date of the county surcharge.

*Section 6.02* The terms of the MOU may be modified by mutual written agreement of the City and HART.

IN WITNESS WHEREOF, the Parties hereto have executed this Memorandum of Understanding on the date first above written.

#### APPROVED:

**City and County of Honolulu**

By \_\_\_\_\_  
NELSON H. KOYANAGI, JR.  
Director, Budget and Fiscal Services

**HONOLULU AUTHORITY FOR RAPID TRANSPORTATION**

By \_\_\_\_\_  
**Daniel Grabauskas**  
Executive Director and CEO

Attachment A

# **UPDATED FINANCING PLAN: TABLE A-1, CAPITAL PLAN CASH FLOWS**



Updated Table A-1, Capital Plan Cash Flows

(Figures in \$ millions)	Prior to FY 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Updated Total	FPGA Total	Change
Beginning Project Cash Balance	\$ 298	\$ 418	\$ 393	\$ 239	\$ 25	\$ 25	\$ 24	\$ 25	\$ 25	\$ 25	\$ 25	\$ 44	\$ 224	\$ 298	\$ 298	\$ -
Project Funding Sources																
Net GET Surcharge Revenues	\$ 481	\$ 170	\$ 216	\$ 227	\$ 238	\$ 250	\$ 263	\$ 276	\$ 290	\$ 305	\$ 325	\$ 251	\$ -	\$ 3,291	\$ 3,291	\$ -
FTA Section 5309 New Starts Revenues	\$ 65	\$ 80	\$ 291	\$ 383	\$ 321	\$ 230	\$ 181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,550	\$ 1,550	\$ -
FTA Section 5307 Formula Funds Used for the Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33	\$ 34	\$ 35	\$ 36	\$ 38	\$ -	\$ -	\$ -	\$ 176	\$ 210	\$ (33)
ARRA Funds Used for the Project	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ 4	\$ -
Variable Rate Bond Proceeds (net of issuance cost)	\$ -	\$ -	\$ -	\$ 20	\$ 230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 250
Fixed Rate Bond Proceeds (net of issuance cost)	\$ -	\$ -	\$ -	\$ -	\$ 243	\$ 248	\$ 272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763	\$ 1,645	\$ (882)
Proceeds from Tax Exempt Commercial Paper (TECP)	\$ -	\$ -	\$ -	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350	\$ 700	\$ (350)
Reserve Fund Release	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	\$ 140	\$ 140	\$ -
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ (2)
Additional Funds														\$ -	\$ -	\$ -
Total Project Sources of Funds	\$ 551	\$ 250	\$ 507	\$ 980	\$ 1,032	\$ 761	\$ 750	\$ 311	\$ 326	\$ 343	\$ 325	\$ 391	\$ -	\$ 6,526	\$ 7,543	\$ (1,018)
Project Capital Costs																
Total Capital Cost	\$ 431	\$ 275	\$ 661	\$ 1,194	\$ 1,024	\$ 730	\$ 572	\$ 61	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,949	\$ 4,949	\$ -
Debt Service and Transfers																
Principal Payment on Variable Rate Bonds for the Project (VAR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48	\$ 49	\$ 50	\$ 51	\$ 53	\$ -	\$ 252	\$ -	\$ 252
Interest Payment and Fees on Variable Rate Bonds	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 7	\$ 5	\$ 5	\$ 4	\$ 3	\$ 2	\$ 1	\$ -	\$ 26	\$ -	\$ 26
Fees on Variable Rate Bonds Issued for the Project (VAR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ 8
Principal Payment on Fixed Rate Bonds Issued for the Project (FIXE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130	\$ 135	\$ 140	\$ 147	\$ 154	\$ -	\$ 707	\$ 1,798	\$ (1,091)
Interest Payment on Fixed Rate Bonds Issued for the Project (FIXE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14	\$ 24	\$ 33	\$ 23	\$ 18	\$ 11	\$ 4	\$ -	\$ 128	\$ 191	\$ (64)
Principal Payment on TECP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 107	\$ 126	\$ 92	\$ -	\$ -	\$ 350	\$ 700	\$ (350)
Interest Payment on TECP	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 5	\$ 5	\$ 5	\$ 3	\$ 3	\$ 1	\$ -	\$ -	\$ 32	\$ 10	\$ 22
Fees on TECP	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 1	\$ 1	\$ -	\$ -	\$ 11	\$ -	\$ 11
Transfer to Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 140	\$ -
Transfer from Project Cash Balance to Ongoing Rail Capital and O&M													\$ 224	\$ 224	\$ 193	\$ 31
Total Project Uses of Funds	\$ 431	\$ 275	\$ 661	\$ 1,194	\$ 1,032	\$ 761	\$ 750	\$ 311	\$ 326	\$ 342	\$ 306	\$ 211	\$ 224	\$ 6,824	\$ 7,841	\$ (1,157)
Total Finance Charges		\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ -	\$ 5		
FPGA Eligible Finance Charges		\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 4		
Net Cash	\$ 120	\$ (25)	\$ (154)	\$ (214)	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 19	\$ 180	\$ (224)			
Ending Project Cash Balance	\$ 418	\$ 393	\$ 239	\$ 25	\$ 25	\$ 24	\$ 25	\$ 25	\$ 25	\$ 25	\$ 44	\$ 224	\$ -	\$ -		
Reserve Fund Balance																
Beginning Reserve Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ -	\$ -		
Deposit to Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140		
Interest Income on Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Reserve Fund Release	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (140)	\$ -	\$ (140)		
Ending Reserve Fund Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ -	\$ -	\$ -		

\* Maximum TECP outstanding totals \$350 m in the Updated Plan and \$100 m in FPGA  
\*\* Debt Reserve in FPGA is included in the \$1,798 Fixed Rate Bond Total but shown separately for comparison purposes